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TAB "A"

USAF Declass/Release Instructions On File

1. The operations in Korea have created a security threat to the Chinese Communists on their northeastern frontier where none existed before. Not only has their Communist neighbor, North Korea, been defeated, but in place of the weak and passive non-Communist forces of South Korea, there are now operating on the Korean peninsula, powerful anti-Communist armed forces which are heavily engaging the Chinese Communist armed forces.

2. The heavy casualties of combat personnel, destruction of a large percentage of organized units, and expenditure and loss of materiel consequent to the Korean operations have substantially reduced Chinese Communist military capabilities.

3. The Korean operations have prevented Chinese Communist seizure of Taiwan for the present, and if U.S. policy remains unchanged, this effect will be permanent. This development is partly the result of the redistribution of Chinese Communist forces to Manchuria and partly the result of assignment of the U.S. 7th Fleet for the "neutralization" of Taiwan.

4. The Korean operations have reduced the Chinese Communist capabilities for logistically supporting military ventures into Southeast Asia, even though the forces available on the frontiers have not been reduced numerically. Moreover, the related factor of the Chinese Communist increased logistical dependence on the Soviet Union reduces the Chinese Communists' freedom of action in embarking on such a venture. Furthermore, we believe that the Korean operations have demonstrated to the Chinese Communists the severe cost of a major military move beyond China's borders, and that this has had a retarding effect on any plans that the Chinese Communists may have had for aggression into Southeast Asia.

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5. The Korean operations have caused the Chinese Communists to place their economy on a war footing and have subjected the nation to economic sanctions imposed by the Western world. Although statistical evidence of the precise, immediate effects on the civilian economy is lacking, it is certain that there has been curtailment in civilian transportation and the availability of a wide range of consumer goods. There has been a dislocation of industry as a measure of passive air defense, and implementation of the Communist regime's plans for industrial development has been precluded for the indefinite future. While a runaway inflation and other indications of an economic crisis are lacking, the cumulative effect of these economic consequences of the Korean operations is believed to be substantial and a cause of developing strains within the Communist structure.

6. The Korean operations have tended to expand trade between the Chinese Communists and the Soviet Union, but under conditions that could cause tension to develop between these two nations. Chinese food and minerals are being exported to the Soviet Union in exchange for military equipment and supplies, and there are indications that the Chinese Communists consider Soviet material aid to be inadequate, and in any event they have been unable to win so far with that aid which they have received.

7. Developments in the Korean operations have been the cause for some increase in dissatisfaction on the part of the already war weary civilian population of China. While this is not a measurable effect, many of the basic causes of dissatisfaction such as increasing taxes, conscription, and property seizure, have been directly or indirectly necessitated by the operations in Korea.

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8. As the result of the operations in Korea, the Chinese Communists progressively have lost many of their non-Communist sympathizers among foreign governments and peoples, including the British.

9. In summation, despite the closer collaboration with the Soviet Union forced on the Chinese Communists by the developing operations in Korea, the net effect of these operations has been to weaken the Chinese Communist power position, although not to the extent that the regime has yet ceased to pose a threat to U.S. security in the Far East.

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